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C O N F I D E N T I A L SECTION 01 OF 02 LILONGWE 000839

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TAGS: [ECON](#) [EFIN](#) [KCOR](#) [PGOV](#) [PREL](#) [MI](#)
SUBJECT: NOISE ABOUT CORRUPTION IN MALAWI

REF: A. LILONGWE 586
[1](#)B. LILONGWE 728

Classified By: Econ Officer William R. Taliaferro, reasons 1.5 b and d

SUMMARY

[1](#)1. (C) Malawi's new administration has been very public about its intention to bring corruption under control. President Bingu wa Mutharika has replaced the chief government prosecutor, who in turn has publicly targeted several former ministers and ruling party members. The noise of a crackdown has garnered political support for Mutharika, and may buy just enough credibility to tip donors to release budgetary support sooner. End Summary.

A NEW SHERIFF IN TOWN

[1](#)2. (U) Beginning with the controversial replacement of sitting Director of Public Prosecutions (DPP) Fahad Assani with novice lawyer Ishmael Wadi, the Mutharika administration has been loudly declaring war on corruption. The DPP's office, which has sole authority to prosecute cases forwarded by the Anti-Corruption Bureau (ACB), had been seen as a barrier to rooting out corruption at the cabinet level. Under Assani, several cases involving ministers and senior ruling party officials had been refused, creating the perception that he would only go after "small fish," and then only with permission from the Government.

[1](#)3. (U) Mutharika's July appointment of Wadi, who is only three years out of law school and has no experience with criminal law, was an early signal that he intends radical change. Sacking Assani was a controversial move, which elicited a brief storm of protest (including calls for impeachment) and a civil lawsuit. By early August, though, the controversy had died down, and Parliament unanimously confirmed Wadi.

NAMING NAMES IN THE PRESS

[1](#)4. (U) Since his appointment, the new prosecutor has used the press to announce his targets, which include several former ministers and senior members of the ruling United Democratic Front (UDF) party. The UDF is the party of both Mutharika and former president Bakili Muluzi. Significantly, his accusations have been seconded in the press by Mutharika's chief of staff, Ken Ng'oma. Mutharika confines his own anti-corruption statements to broad generalities, but UDF members have roundly criticized his staff's penchant for trial by press.

[1](#)5. (U) Accounts vary about who Wadi is targeting, but the most prominent potential cases are these:

-- Humphrey Mvula, CEO of the parastatal Shire Bus Lines, deputy director of the UDF, and leader of the UDF's militant youth wing Young Democrats, who was arrested for malfeasance at Shire. He was later released, but the press regularly quotes Wadi declaring his intent to prosecute Mvula. Mvula has since been fired from Shire.

-- Cassim Chalumba, current vice president and former minister of finance and education, who is thought to have been involved in fraud involving school-building funds.

-- Clement Stambuli, former information minister, suspected of unspecified malfeasance in office.

-- Peter Fachi, former minister of justice; Patrick Mbewe, former local government minister; and Monjeza Maluza, former home affairs minister, for arranging the fraudulent sale of used Land Rovers to the GOM as new. Mbewe is also thought to have been involved in corruption around contracts for national ID cards.

-- Friday Jumbe, former minister of finance, thought to have profited from illegal sales from the strategic grain reserves during the 2002 hunger crisis.

-- Dumbo Lemani, former minister for water development, for manipulating the Petroleum Control Commission's fuel import allocations for personal profit.

LESS NOISE FROM THE PROFESSIONALS

16. (C) The Anti-Corruption Board, which is responsible for investigating corruption but still cannot prosecute on its own, has kept comparatively quiet about specific cases. They have talked publicly about a few investigations, including that of Chakufwa Chihana, the sitting minister of agriculture, who is alleged to have bribed local election officials leading up to the May 2004 elections. They have also mentioned a new investigation into the suspicious death of Kalonga Stambuli, a long-time Muluzi associate who broke with him in the late 1990s, fled into exile, then returned in 2003 as a Muluzi ally and investment banker. Up to now, neither Wadi nor the ACB has named Muluzi as a target of any investigation, although he is the most obvious target--and the most dangerous (reftel A).

17. (C) In a recent meeting with the DCM and pol/econoffs, the senior management of ACB indicated that it is now investigating or preparing to prosecute a number of cases involving officials "at the very highest levels of government." The Mutharika administration has decided in the last week to double ACB's operating budget, despite a general tightening of the state budget. Even so, the ACB still has considerable capacity building to do, especially regarding international law enforcement cooperation and investigation of financial crimes.

COMMENT: BUYING POLITICAL SUPPORT, AND TIME

18. (C) Though the administration's public pronouncements have angered Muluzi loyalists, they seem to be popular with the opposition, to the extent that some observers now describe the President's UDF party as a de facto opposition. This much is certain: the noise about corruption investigations is buying Mutharika some political independence from the old guard of the UDF, including Muluzi himself.

19. (C) Whether this tactic will give him enough support to pursue a responsible fiscal agenda, and to defend his corruption-busting against more concerted political maneuvering from UDF, remains to be seen. Among donors, who certainly constitute another intended audience, there is still some skepticism about the noise level. They would be more impressed with court cases and convictions. However, with a potential currency crisis perhaps two or three months away, the donors need to make a decision soon about whether to release funds. In the absence of enough time to see the whole judicial process completed, noise alone might make a difference.

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